

## Message Text

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PAGE 01 GUATEM 00568 272238Z  
ACTION ARA-14

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-07 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07  
SP-02 SS-15 STR-06 TRSE-00 ACDA-12 PA-01 PRS-01  
/131 W

-----064874 281051Z /21

R 272124Z JAN 78  
FM AMEMBASSY GUATEMALA  
TO SECSTATE WASHDC 8962  
INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE GUATEMALA 0568

E.O. 11652: N/A  
TAGS: ENRG, GT  
SUBJ: PETROLEUM: GUATEMALA CALLS FOR BIDS

REF: A) GUATEMALA 332, B) GUATEMALA A-007

1. BEGIN UNCLAS. BY ACUERDA PUBLISHED 25 JAN 1978 IN THE  
"DIARIO DE CENTRO AMERICA, " THE GOVERNMENT OF GUATEMALA  
CALLED FOR BIDS ON SIX AREAS FOR PETROLEUM EXPLORATION . CITED  
IN THE "ACUERDA" TARE BID INSTRUCTIONS AND CONTRACTUAL CON-  
DITONS SUCH AS MINIMUM INVESTMENT AND NUMBER OF WELLS TO  
BE INSERTED IN THE MODEL CONTRACT (REPORTED IN REFERENCES).  
BIDS WILL BE ACCEPTED FROM 25 JAN FOR 45 DAYS UNTIL 10 AM 15  
MAR 1978. GOVERNMENT DECISION ON BIDS IS PROMISED FOR  
NO LATER THAN 30 MAY 1978. COPY OF "ACUERDA" POUCHED.

2. BEGIN LOU. INITIAL REACTION OF SEVERAL LARGE US COLPANIES  
DOES NOT INDICATE THAT A HEAVY BIDDING AND SUBSEQUENT EXPLO-  
RATION PLAY WILL DEVELOP. THIS MAY BE DUE TO A NORMAL  
NONCOMMITAL ATTITUDE IN A COMPETITIVE SITUATION. HOWEVER,  
THESE SOURCES CITE SEVERAL DISINCENTIVES. THERE IS THE  
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AS YET UNRESOLVED REGULATORY PROBLEM OF THE PROPOSED  
BASIC RESOURCES PIPELINE. THESE SOURCES SAY THE RESPONSIBLE  
GOVERNMENT AGENCY (MINES AND HYDROCARBONS) IS SEEKING  
SUCH EXTENSIVE CONTROLS OVER PRODUCTION AND TRANSPORTA-  
TION THAT FIANCING THE PIPELINE AND MARKETING PRODUCTION  
FROM THE RUBEL SANTO FIND MAY BE IMPOSSIBLE. CONSTRUCTION  
HAS BEEN PUT OFF MORE THAN A YEAR. ONE SOURCE STATES THAT

THE COMPLEX OF LAWS, REGULATIONS AND MODEL CONTRACT HAS BEEN DRAFTED TO PROTECT THE GOVERNMENT AGAINST ANY CHARGE IN THE FUTURE THAT IT PERMITTED AN OIL COMPANY TO MAKE A PROFIT. THE SAME SOURCE BELIEVES THAT THE PRESENT EXERCISE WILL BE NO MORE SUCCESSFUL THAN THE 1975 AND 1976 EFFORTS WHICH RESULTED IN NO CONTRACTS. A POSSIBLE SNAG FOR LARGER COMPANIES IS A GOVERNMENT INSISTENCE THAT THE PARENT COMPANY BE RESPONSIBLE FOR ALL LEGAL OBLIGATIONS UNDERTAKEN BY A SUBSIDIARY. THUS, FOR EXAMPLE, A CLAIM AGAINST A TEXACO DRILLING COMPANY COULD RESULT IN LEGAL ACTION AGAINST THE TEXACO REFINERY IN GUATEMALA. UNLESS THIS POINT IS CLARIFIED, IT IS UNLIKELY THAT ANY CURRENT PETROLEUM INVESTOR IN GUATEMALA COULD CHANCE AN EXPLORATION CONTRACT.

2. DESPITE THE NEGATIVE COMMENTS RECORDED ABOVE, SEVERAL OF THE AREAS BEING OFFERED FOR BIDS HAVE A HIGH POTENTIAL FOR COMMERCIAL RESERVES OF OIL. ONE ANALYSIS SUPPOSES THAT THE HIGHLY PRODUCTIVE MEXICAN REFORMA FIELDS MAY HAVE A CORRESPONDING HORIZON IN GUATEMALA. SEVERAL SMALL US COMPANIES HAVE EXPRESSED INTEREST IN BIDDING AND SEEM TO BE LESS PREOCCUPIED WITH THE GOOD FAITH OF THE GOVERNMENT THAN THE LARGER COMPANIES. END LOU.  
BOSTER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, EXPLORATORY DRILLING, PROPOSALS (BID)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 jan 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978GUATEM00568  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780042-0748  
**Format:** TEL  
**From:** GUATEMALA  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1978/newtext/t19780115/aaaaamls.tel  
**Line Count:** 85  
**Litigation Code IDs:**  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 8ab370df-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 GUATEMALA 332, 78 GUATEMALA A-7  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3703016  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PETROLEUM: GUATEMALA CALLS FOR BIDS  
**TAGS:** ENRG, EINV, GT  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/8ab370df-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
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